Government of Saskatchewan

Annual Report 1985-86

Saskatchewan Co-operation and Co-operative Development

87-01144/

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Annual Report 1985-86

for the fiscal year ending
March 31, 1986

Hon. Neal Hardy
Minister

**Saskatchewan
Co-operation and
Co-operative
Development**

**2055 Albert Street
Regina, Saskatchewan
S4P 3V7**

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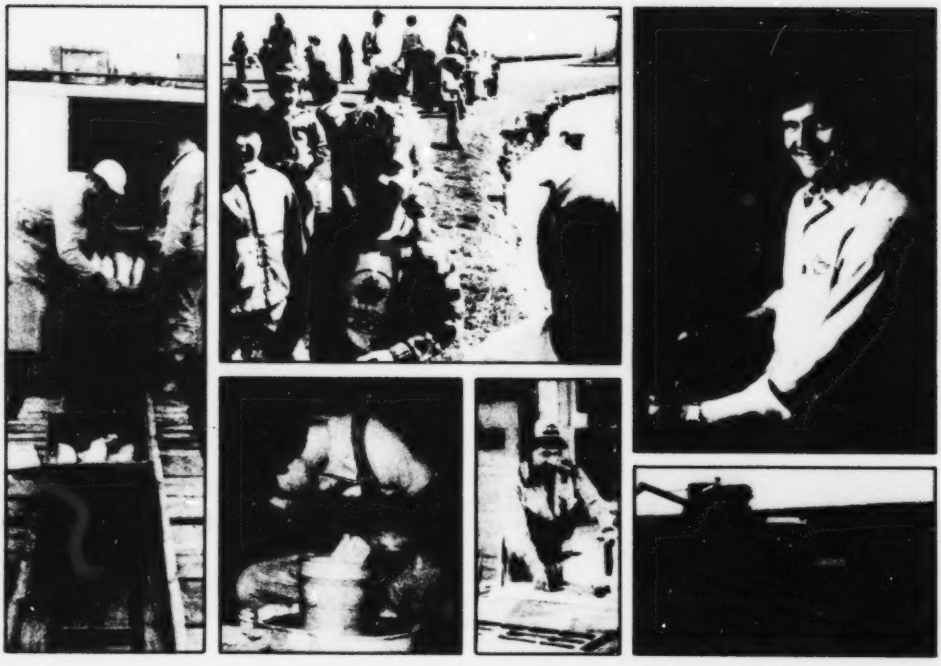


Letters of Transmittal

The Honourable Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

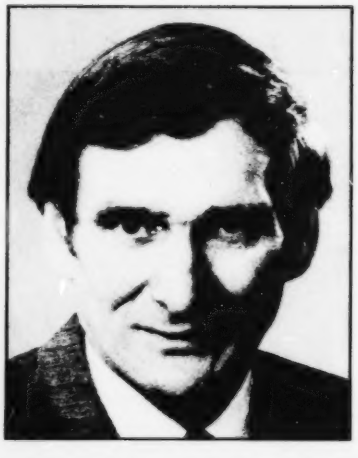
Sir:

I have the honour to submit herewith the 42nd annual report of the Department of Co-operation and Co-operative Development for the fiscal year ended March 31, 1986.

Respectfully submitted,

Neal Hardy

Neal Hardy
Minister
Saskatchewan Co-operation
and Co-operative Development



The Honourable Neal Hardy
Minister of Co-operation
and Co-operative Development
Regina, Saskatchewan

Sir:

I have the honour to submit for your consideration the annual report of the Department of Co-operation and Co-operative Development for the year ended March 31, 1986.

Respectfully submitted,

Bill Reader
Deputy Minister

Introduction

Saskatchewan's co-operative sector continued to contribute to the economic and social growth of our province during the year under review.

In 1985-86, total sales by Saskatchewan co-operatives exceeded $5.1 billion and assets were greater than $6.4 billion. Co-operatives employ approximately 14,000 Saskatchewan people, and 10,000 residents serve as directors.

The department worked closely with other agencies of federal and provincial governments to examine ways of stimulating and supporting co-operative development. Co-operatives in turn responded enthusiastically to government programming in many areas.

Co-operatives arise out of community-based initiatives aimed at meeting local needs. They promote local leadership and commitment and give local members a democratic as well as an economic stake in the development of their community.

Saskatchewan people will continue to give direction to community growth through co-operative organizations. Department policies encourage this local involvement and are designed to create a positive atmosphere for the continued development of these enterprises.

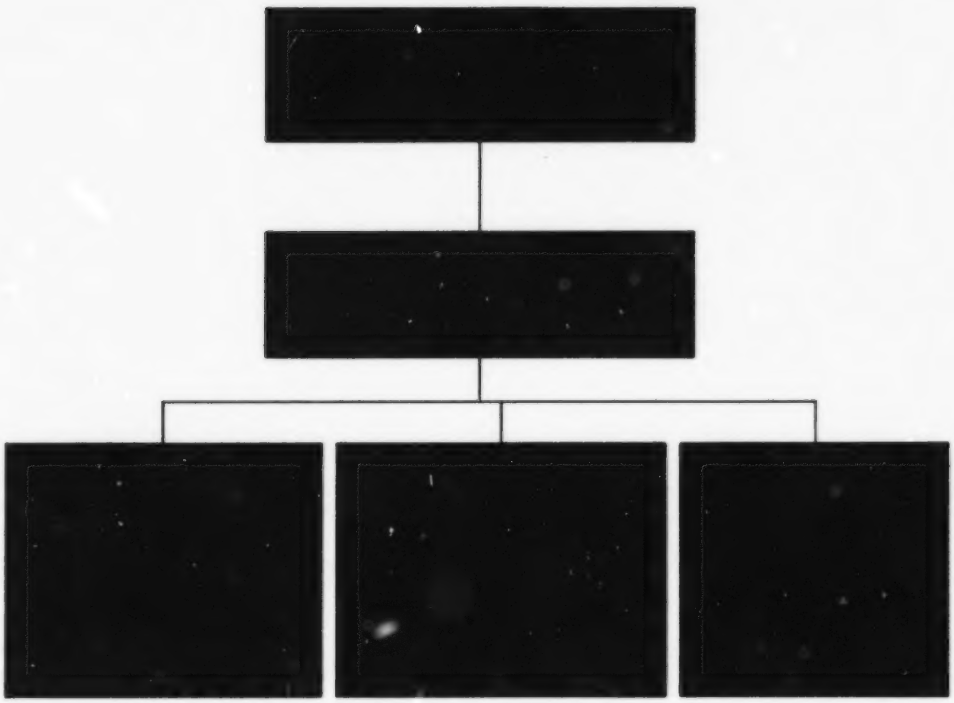
Highlights during fiscal 1985-86 include:

- a new Credit Union Act which is a model piece of legislation for credit unions in Canada;
- the first federal/provincial meeting of Ministers and senior officials responsible for co-operatives and credit unions from across Canada, held in Regina;
- six new soil conservation co-operatives incorporated to protect farmland from the effects of erosion;
- a new continuing housing co-operative located in Moose Jaw;
- five feeder co-operatives incorporated in conjunction with the Feeder Loan Guarantee Program;
- a major recreational co-operative, on Lake Diefenbaker to provide recreational facilities;
- 45 new co-operatives incorporated during the reporting period;
- development of new regulations and monitoring programs for credit unions to identify performance of local boards of directors, external auditors and the Credit Union Deposit Guarantee Corporation in meeting their responsibilities.

Planning Saskatchewan's future involves close co-ordination among all concerned. Co-operative organizations and their members, working in partnership with other sectors of the economy, will continue to make a significant contribution to the economic development of our province.

Bill Reader
Deputy Minister

Organizational Chart



Mission

To enhance the economic growth of the province by facilitating the incorporation and development of viable co-operative enterprises.

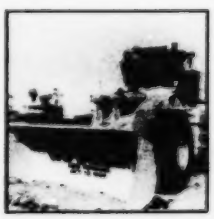
Department Goals

To encourage the co-operative sector to take more ownership in co-operative development in the province.

To maintain an environment that will enhance the ability of the co-operative sector to have a positive impact on the economy.

To assist and encourage groups to meet pertinent needs through the establishment of viable co-operative enterprises.

To ensure that the department is, and is perceived to be, acting as a single unit with complementary objectives.



Administrative Services Branch

Objectives

- provides general administrative support for the department;
- provides workshops on the Co-operative Learning model to educators in schools and universities and to other interested parties;
- provides a management consulting service for department staff;
- provides advice on legislation and regulatory reform to other branches;
- co-ordinates the Regulatory Reform Program;
- provides financial assessments and follow-up for any grant, loan and guarantee application;
- acts as a secretariat for the Co-operative Guarantee Board;
- acts as a secretariat for the Co-operative Securities Board and The Family Farm Credit Act.

Co-operative Education Unit

Co-operative education consultants provided in-service training to Saskatchewan educators, including the Saskatchewan Teachers' Federation, local school boards, the University of Saskatchewan and the University of Regina.

In-service training programs focussed on both co-operative teaching strategies and co-operative sports and games. As well, consultants provided training in leadership development, communication skills, and decision-making skills.

In July of 1985, the education unit served on the co-ordinating committee for **The Third International Conference for the Study of Co-operation in Education**. The conference, held for the first time in Canada, attracted educators and co-operators from seven different countries.

Consulting Services

The Consulting and Financial Services Section provided specialized consulting services to the department. These services included:

- providing field and office staff with advice on strategic planning, feasibility studies, operations planning, financial structures, long range planning and organizational structures;
- reviewing and making recommendations on all requests for loans, grants or investments made through the department;
- assisting in the development of models and background information for a variety of new types of co-operatives;
- monitoring various legislation, regulations and programs for impact on co-operatives and credit unions;
- drafting program guides for use by field-staff;
- co-ordinating the preparation of a policy and procedure manual;
- co-ordinating the preparation of legislation and regulations relating to co-operatives and credit unions;
- monitoring the effectiveness of existing co-operative and credit union legislation and recommending amendments when needed;
- monitoring previous loans and investments made by the department;
- assisting in the development of government programs for co-operatives.

The Co-operatives Act and Regulations

The branch worked closely with department staff and members of the co-operative sector to facilitate the transition to the new Co-operatives Act.

Credit Union Act

The new Credit Union Act came into effect on January 1, 1986.

The new Act, prepared after extensive consultation with representatives of the credit union system, broadens the powers of credit unions, enabling them to offer a wider range of new services in response to the changing needs of their members.

Regulatory Reform

The branch continues to repeal obsolete regulations, simplify procedures, and update policies to ensure the administration of legislation by the department is consistent and efficient. This activity included co-ordinating the preparation of a new department policy and procedures manual.

Secretariat for the Co-operative Guarantee Board

The branch acts as secretariat for the Co-operative Guarantee Board.

Co-operative Guarantee Board

The Co-operative Guarantee Board operates under the authority of The Co-operative Guarantee Act. The Co-operative Guarantee Act was intended to assist co-operatives which do not qualify for loans under the normal lending practices of financial lenders for reasons such as location, type of business, amount of member equity or economic status of members.

At March 31, 1986 members of the Board were:

Bill Reader, Chairman

Bob Linnel

Les Cowan

Morley Meiklejohn

Henry Zacharias

Monte Curle, Secretary

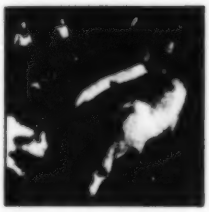
Operations

Approved lenders may apply for guarantees by the government for the repayment of monies loaned by them to co-operatives. These applications are reviewed by The Co-operative Guarantee Board who in turn makes its recommendations to the Minister.

No guarantee applications were received for consideration during the 1985/86 fiscal year.

At March 31, 1986 the amount of loans outstanding totalled $235,398. The amount guaranteed was $235,398.

Communication and Development Services Branch



Objectives

- provides liaison between the provincial government and the directors, officials and members of Saskatchewan's co-operative sector;
- develops and delivers programs designed to meet identified needs of co-operatives and the general public;
- provides information materials for the general public and co-operative organizations about the co-operative business structure and about various programs of the department and of government that are relevant to the co-operative sector;
- provides advice to groups interested in the co-operative business structure; provides development advice leading to the incorporation of co-operatives; advises on viability and operating practices;
- provides management advice on legislative requirements, board, management and member roles and responsibilities, bylaws, accounting-bookkeeping, and annual returns.

1985-86 was another excellent year for co-operative development in Saskatchewan. During the reporting period, 45 new co-operatives were incorporated.

Interest in co-operative enterprise continued to increase throughout Saskatchewan, and the department provided development assistance, training programs and other support services from the initial planning stages through to incorporation.

Co-operative Relations

The branch co-ordinated meetings between officials of co-operatives and representatives of government departments and agencies to discuss co-operative/government matters.

The branch assisted in the co-ordination of the first joint meeting of federal/provincial Ministers and senior officials responsible for co-operatives and credit unions. These discussions were a first step towards a continuing dialogue between these Ministers and officials across the country.

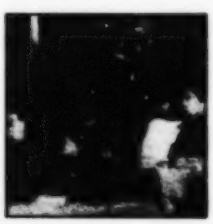
Joint projects between the department and central co-operative organizations included the Co-op Upgrader opening ceremony and Co-op Week. Another project, Uplink '86, is a distance education project in conjunction with several Saskatchewan co-operatives, the Co-operative College of Canada, and the University of Saskatchewan using satellite technology to deliver a television signal to remote locations. The department will be responsible for producing several hours of programming about co-operatives for broadcast in the coming year.

Saskatchewan Co-operative Activities Council

The branch participated in the Saskatchewan Co-operative Activities Council and provided secretarial services to the Council. The Council's aim is to provide a forum for the co-ordination of activities between participating co-operatives.

The Saskatchewan Co-operative Merit Awards Program is a joint project of the Council and the department. This program recognizes the outstanding contributions made by individuals to co-operative enterprise both within local communities and at provincial and national levels.

The Council and the department also worked with the Diefenbaker Centre in a joint venture to



develop a major exhibition depicting the history and contribution of co-operatives during the twentieth century. "Building Windbreaks Against the Future" was on display from January 16 to March 31, 1986.

Communication Services

The branch provides communication services to support department operations and objectives. These services include: inquiry assistance, media relations, publications, audio-visual materials, advertising and public relations.

During the year, a new district newsletter program was started to enhance the communication between department fieldstaff and the co-operatives they serve in their district.

New resource materials were developed on Feeder, Employment, and Farm Machinery Agency co-operatives for use by fieldstaff as they work with groups. These materials include workbooks for the participants and a leader's manual.

The branch produced several new fact sheets on various co-operative topics such as day care, employment, co-operative development, and community economic development.

Several new pamphlets were also produced during the reporting period on Farmers' Markets, northern co-operatives, and the co-operative business structure.

The branch undertook various public relations activities including: co-ordination of special events, anniversaries and openings; presentations of plaques and awards; preparation of speech materials for senior department staff; and participation in exhibits and conventions.

Program Services

Liaison with other government departments, resource material development and program development continued to be the main responsibilities of the Program Services Section in 1985-86.

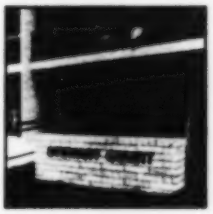
The section is responsible for representing the department on a number of committees. Specifically, these committees include: the Saskatchewan Committee on Rural Area Development (SCRAD), Saskatchewan Association of Lifelong Learning (SALL), the Standing Interdepartmental Co-ordinating Committee on Aging (SICCOA), and the Co-operative College Regional Council.

Considerable emphasis was placed on the development of resource materials. Preliminary work was carried out on the design of a departmental policy and procedure manual and a program guide.

Information on legislation and programs at both the federal and provincial level was distributed through a department publication entitled "Newsbreak".

Provision was made to ensure the inclusion of the co-operative structure in cable, recreation and transportation program options of other departments.

Particular emphasis was given to the development of employment co-operatives and a full package of resource materials was completed and distributed during the year. Branch staff continued to work with other agencies and departments to rationalize such



issues as capital formation, employer/employee relationships and complementary programming.

During the year, the Resource Centre handled an increasing number of information requests on behalf of department staff, other government departments, and the public. The centre also maintains liaison with other libraries and government resource centres.

Development Field Services

Co-operative Management Advisors are located in 11 district offices throughout the province — Regina, Saskatoon, Moose Jaw, Swift Current, Yorkton, Kindersley, Estevan, Tisdale, North Battleford, Prince Albert and La Ronge.

Co-operative enterprise plays a significant role in the Saskatchewan economy. Field advisors provide professional managerial and financial advice to approximately 1,100 incorporated co-operatives.

Field advisors also provide development assistance to emerging co-operatives. Assistance is provided on legislative requirements, (Co-operatives Act, 1983) business plan development, and completion of incorporation documents. Development priorities for this fiscal year were agricultural and employment co-operatives.

Co-operative development highlights for the year include the following:

Six soil conservation co-operatives were incorporated, in Tugaske, Mossbank, Wilkie, Davidson, Wellington and Avonlea. The total membership of these co-operatives is approximately 120 individuals. These six co-operatives have undertaken various soil salinity and reclamation projects funded through the Prairie Farm Rehabilitation Administration.

Moose Jaw was the location of a continuing housing co-operative development in 1985. The total cost of the housing co-operative project exceeded 2.6 million dollars.

Five feeder co-operatives, with total membership of eighty-five, were incorporated during the year. Feeder co-operatives obtain loan guarantees through Saskatchewan Agriculture's Feeder Association Loan Guarantee Program.

Community service co-operatives were also incorporated during 1985-86. The Golden Age Senior Citizens Co-operative in Bradwell is a typical example. This forty member co-operative provides senior citizens with drop-in facilities for its members. The Yeoman's Sewing Co-operative, another community service co-operative in Weyburn, raises money for charitable organizations by selling crafts to the public. The Saskatchewan Art Glass Co-operative, an organization of twenty-five members, is dedicated to improving glass craftsmanship within the province.

A major recreational co-operative was incorporated near the Town of Birsay, the Hitchcock Bay Recreational Co-operative. This development will provide recreational facilities to 165 co-operative members and encourage other recreational development along the banks of Lake Diefenbaker. The co-operative project is anticipated to generate over four million dollars in economic activity over the next four years.

Balgonie was the site of a new multi-purpose recreational development valued at approximately $500,000. This co-operative will provide recreational facilities to its members for many years to come.

Six play school co-operatives and one co-operative day care were incorporated. The six play school co-operatives provide member controlled centres which emphasize social and educational enrichment for 145 pre-school children.

During the year, the branch initiated a pilot project in television rebroadcasting co-operatives. The Regina Beach and District T.V. Co-operative was incorporated to provide more comprehensive television services to its membership than were traditionally available in rural communities. The co-operative has approximately 200 members and anticipates increasing that membership. This type of pilot rebroadcasting co-operative has application potential in other rural communities throughout the province.

Northern co-operative development was facilitated by Co-operative Management Advisors working out of La Ronge. During the fiscal year, employment/handicraft co-operatives were incorporated at Jans Bay, Fond du Lac and Wollaston Lake. These co-operatives, with eighty women members, will manufacture and market northern handicraft items for their members.

Co-operative Management Advisors also planned and delivered numerous board and member training programs. Fieldstaff provide these training workshops to co-operative organizations upon the request of their members.

New Incorporations

1985-86 incorporations classified by type are as follows:

Agriculture

- 13 incorporations — includes:
  - 5 feeder co-operatives
  - 6 soil conservation co-operatives
  - 1 farm co-operative
  - 1 machinery co-operative

Forestry

- 1 tree planting co-operative

Transportation and Storage

- 2 incorporations — includes:
  - 1 grain storage co-operative
  - 1 bus co-operative

Communication and Utilities

- 1 television co-operative

Wholesale and Retail

- 7 incorporations — includes:
  - 1 agricultural supplier
  - 2 general retailers
  - 1 farmers' market
  - 3 northern native handicraft co-operatives

Finance, Real Estate and Business Services

- 7 incorporations — includes:
  - 1 housing co-operative
  - 1 insurance agency
  - 5 miscellaneous

Education, Health and Social Services

- 8 incorporations — includes:
  - 7 preschool
  - 1 library

Recreation and Personal Services

- 6 incorporations — includes:
  - 2 community recreation centres
  - 1 community theatre
  - 1 community complex
  - 2 miscellaneous

Total Incorporations = 45*

**This figure includes three employment co-operatives that have been classified according to their respective industries.*

Registry and Inspection Services Branch

Objectives

- facilitates public protection of member equity and deposits;
- maintains the register of co-operatives and credit unions in Saskatchewan;
- maintains the register of out-of-province co-operatives and credit unions;
- ensures compliance with legislation governing co-operatives and credit unions;
- reviews and recommends amendments to existing co-operative and credit union legislation;
- investigates credit union and co-operative member complaints;
- compiles statistics on all co-operatives and credit unions in Saskatchewan.

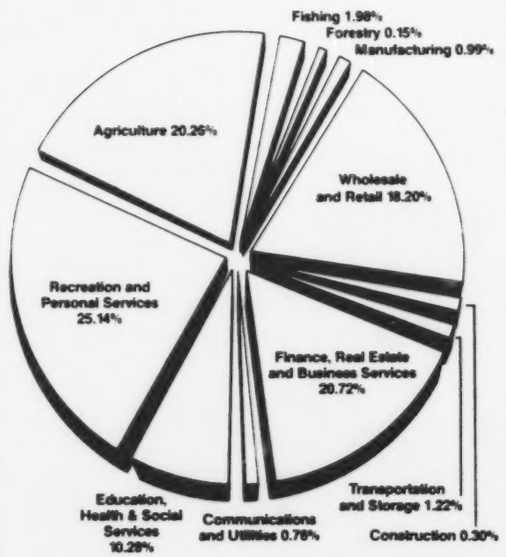
Registry Services

Requests for the incorporation of co-operatives and credit unions are reviewed to ensure that required documents are complete, business planning is done and the proposed bylaws comply with the respective Acts and regulations. A register is maintained recording all incorporations, dissolutions, amalgamations, bylaw amendments and special resolutions.

Co-operatives and credit unions from outside the province may register in Saskatchewan on a limited service basis or for specific purposes. A register of these co-operatives and credit unions is also maintained in the registry.

With the coming into force of The Co-operatives Act in 1983, and co-operatives having a two-year period to amend their Articles of Incorporation and bylaws, the division had the responsibility of reviewing and approving the Articles and bylaws. As of March 31, 1986, more than 900 co-operatives have registered amended Articles and bylaws.

Types of co-operatives and credit unions as a percentage of the total register



Total Number of Co-operatives and Credit Unions As at March 31st, 1986 = 1,313

Classified by industry, the breakdown is as follows:

— Agriculture	266	20.26%
— Fishing	26	1.98%
— Forestry	2	0.15%
— Manufacturing	13	0.99%
— Construction	4	0.30%
— Transportation and Storage	16	1.22%
— Communication and Utilities	10	0.76%
— Wholesale and Retail	239	18.20%
— Finance, Real Estate and Business Services	272	20.72%
— Education, Health and Social Services	135	10.28%
— Recreation and Personal Services	330	25.14%
Total	**1,313**	**100.00%**

Inspection Services

A new Credit Union Act and Regulations was proclaimed on January 1, 1986. As a result, credit unions will be reviewing their articles and bylaws for possible amendments at their annual meetings in 1987. Credit unions have been encouraged to prepare new operating policies as required under the new Act and regulations.

The branch, in the past year, developed new policies and operating procedures to facilitate the change to self-regulation. This effort enabled the staff to make better use of their resources to deliver department services and achieve the government's mandate and department objectives. Some of the major changes include:

- development of new legislation and audit programs necessary to monitor the performance of local boards of directors, external auditors, and the Credit Union Deposit Guarantee Corporation in meeting their legislative responsiblities of self-regulation;
- development of reporting and working papers which provide timely and useful information;
- development of information/format requirements for fully automated branch systems;
- implementation of a co-operative inspection program; and
- development and input for department policy manual.

In addition to a continuous monitoring of co-operatives and credit unions through review of submitted reports, detailed examination of 19 co-operatives and 39 credit unions and branches were conducted in 1985/86.

Branch staff delivered a board of directors presentation program to all Saskatchewan credit unions. The purpose of the presentation was to make local boards aware of the major changes in the new Credit Union Act and Regulations.

Staff continued to work closely with elected credit union and co-operative officials, external auditors, and system organizations.

Member Complaints

In the event of a dispute between a co-operative or credit union and a member, the branch acts as a third party in an attempt to resolve the dispute. The investigation of the dispute provides not only a resolution to the problem but also assists the co-operative or credit union in developing policies and procedures to avoid recurrence of similar problems.

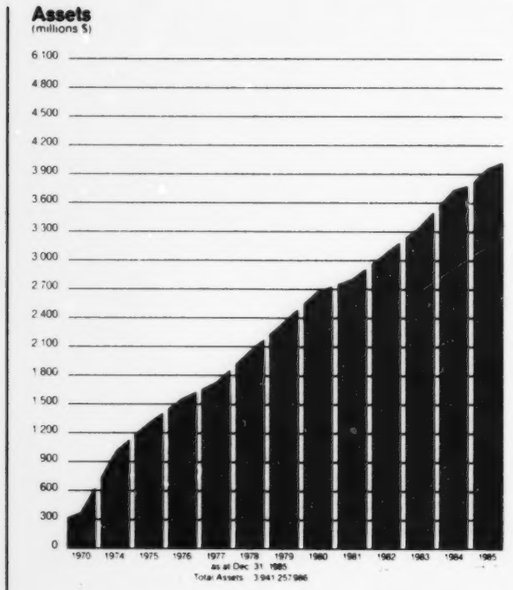
Statistics

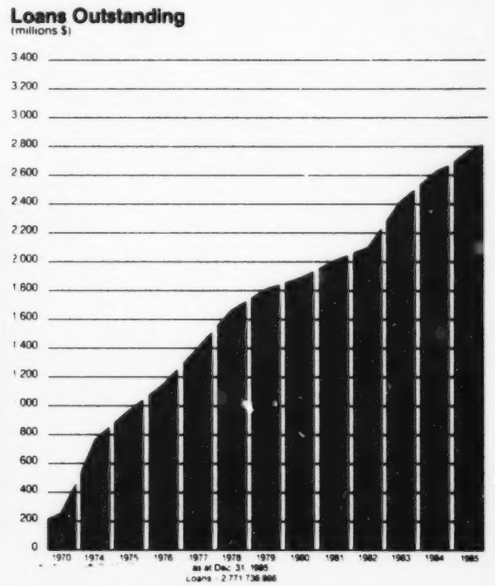
Statistics are compiled on all Saskatchewan co-operatives and credit unions. In 1985/86, the report "Saskatchewan Co-operatives — An Economic Impact Analysis" was prepared. Positive response to this report suggests an annual update will be undertaken.

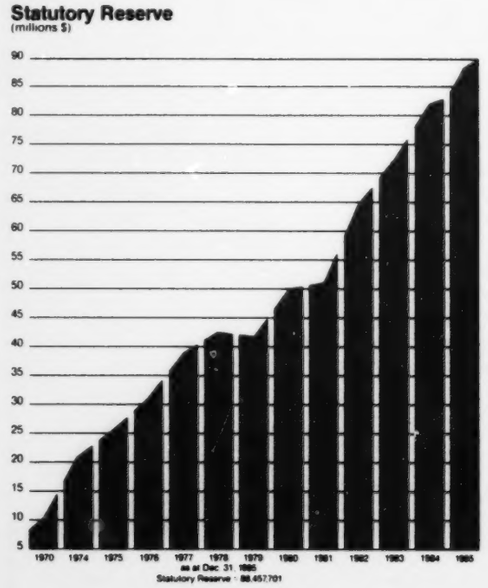
The Statistics Unit acts as a liaison with other federal and provincial departments dealing with co-operatives and credit unions. Quarterly credit union statistical information is forwarded to the Financial Institutions Branch of Statistics Canada. Co-operative information is submitted annually to the Co-operatives Unit of the Federal Department of Agriculture. As well as providing internal statistical support services, the branch responds to external requests for data related to co-operative and credit union economic activity.

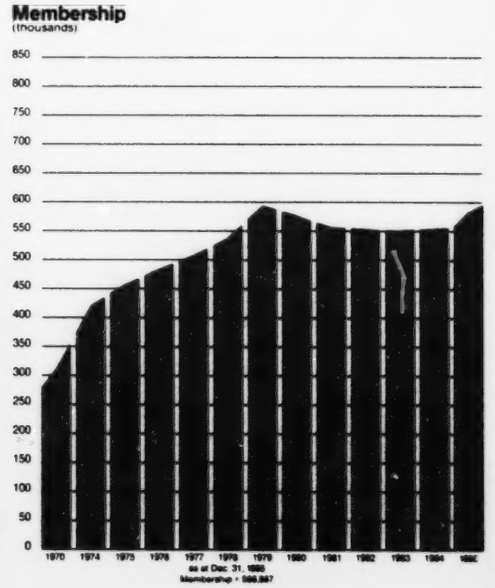
Registry
and Inspection
Services Branch

Credit Union Statistics









Co-operative Securities Board

The Co-operative Securities Board operates under the authority of Part XIX of The Co-operatives Act and Regulations. The purpose of the Board is to review issues of securities proposed by co-operatives incorporated or registered under The Act. At March 31, 1986 the members of the Board were:

Leslie R. Tendler, Chairman

David Calibaba

Bill Reader

Gunnar Pedersen

Delores Spreitzer

Monte Curle, Secretary

Operations

Since the majority of co-operative securities issued are debt instruments, the Board reviews the financial position of the co-operative in order to determine the co-operative's ability to redeem the securities as they come due. During the 1985/86 fiscal year the Board met three times to review and approve eight applications for the sale of securities. These issues had a total value of $102,593,200. In addition to the foregoing the Board approved one exemption order pursuant to subsection 227(2) of the Act. The Board also reviewed other items during its meetings. These items included administration of redemption funds, administration of previously approved issues, revisions to prospectuses, amendments to existing issues as well as policies of the Board.

Family Farm Credit Act

The purpose of this Act is to make long-term credit available to farmers to assist in the establishment and development of family farms as economic farm units; to assist in the intergenerational transfer of family farms; and to assist in the enlargement or conversion of family farms that are uneconomic farm units into economic farm units.

Advisory Committee

When enacted in 1959, the Act stipulated that an advisory committee be established. As of March 31, 1986 the members of the committee were:

Bill Reader, Chairman

Morley Meiklejohn

Allan Mulholland

Monte Curle, Secretary

Loans

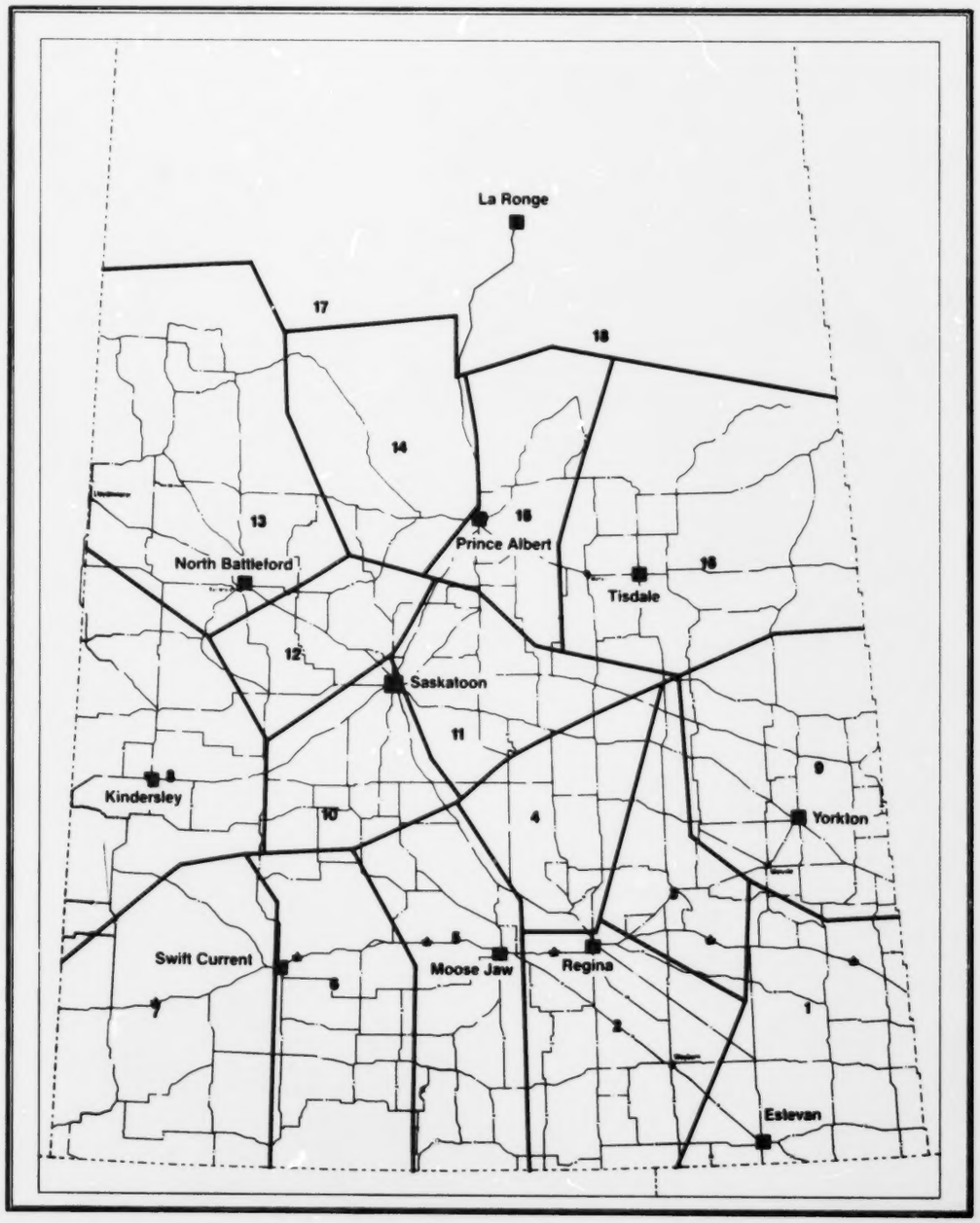
Loans under the Act were made by and are being administered by Co-operative Trust Company of Canada. Five hundred and seventy-five loans were granted amounting to $7,139,181. No new loans have been granted since 1966. The most recent examination indicated there were 44 loans worth $272,181 still outstanding. No losses are anticipated on any of these loans.

Securities

At December 31, 1985 all securities purchased by private individuals and by the government have been repaid. The loans outstanding are now funded by Co-operative Trust Company of Canada.

The 11 district offices of the department.

Regina
Saskatoon
Swift Current
Tisdale
Yorkton
Estevan
Kindersley
North Battleford
Prince Albert
La Ronge
Moose Jaw



Saskatchewan
Co-operation and
Co-operative
Development

Field Office Locations

Regina (Head Office)
2055 Albert Street
S4P 3V7
787-5384

Saskatoon
Provincial Office Building
122 3rd Avenue North
S7K 2H6
933-6260

Swift Current
350 Cheadle Street West
S9H 4G3
773-4281

Moose Jaw
214-110 Ominica Street West
S6H 6V2
694-3740

Yorkton
A. G. Kuziak Building
72 Smith Street East
S3N 2Y4
783-3223

Estevan
Derrick Plaza Building
1219 5th Street
S4A 0Z1
634-5880

La Ronge
P.O. Box 5000
S0J 1L0
425-4473 or 425-4474

Kindersley
Provincial Office Building
113 2nd Avenue East
P.O. Box 1861
S0L 1S0
463-3731

North Battleford
1192 102nd Street
S9A 1E8
446-7407

Tisdale
100th Street
P.O. Box 2048
S0E 1T0
873-2555

Prince Albert
McIntosh Mall
800 Central Avenue
S6V 6Z2
953-2207